

To: Board of Education

From: Jerri Kemble, assistant superintendent, innovation & technology, ext. 2755  
Kathy Johnson, director, finance, ext. 2376

Re: Technology Purchase & Equipment Lease for 1:1 MacBooks at High Schools

Date: February 23, 2017

Background:

Board Goal 1: Develop and align district expectations for curriculum, instruction and assessment to raise the achievement of all students.

Action Step 2: Implement 1:1 iPad digital learning at middle schools and develop a plan and process to measure the success of the program.

Action Step 3: Explore 1:1 digital learning at the high schools and make recommendations for implementation for the 2017-2018 school year.

Over the past two and a half years, the USD 497 has supported an increasing number of blended learning and iPad initiative classrooms where Apple devices have been the primary technology. At the beginning of the 2015-2016 school year, the educational programs and technology departments were tasked with researching devices specifically focusing on a 1:1 initiative and a more personalized style of learning. In 2016-2017, a 1:1 initiative was implemented for middle schools, and planning for a 1:1 initiative at the high schools was reported to the Board of Education on February 13, 2017.

Rationale:

As reported, based on the high school pilot project, 1:1 MacBooks are being recommended for the high schools beginning in the 2017-2018 school year. Using Apple Inc. education pricing, the quote for this initiative is \$2,826,012. Apple Inc. has offered the district an equipment lease purchase option, through Apple Financial Services Education Finance, of four (4) years at a rate of 0.90%. The amount of the lease is for the full price of the education price quote.

The annual payment schedule would be as follows:

Date	Payment	Interest	Principal	Purchase Price after scheduled Payment	Balance
Commencement					\$2,826,012.00
03/01/2017	\$716,026.29	\$ 0	\$716,026.29	\$2,157,460.39	2,109,985.71
03/01/2018	716,026.29	18,989.87	697,036.42	1,444,740.65	1,412,949.29
03/01/2019	716,026.29	12,716.54	703,309.75	725,606.43	709,639.54
03/01/2020	716,026.29	6,386.75	709,639.54	0	0
<b>Total</b>	<b>\$2,864,105.16</b>	<b>\$38,093.16</b>	<b>\$2,826,012.00</b>		

By financing the technology equipment with Apple, the expense from the technology capital outlay budget is spread out over four (4) years and minimizes the drain on that budget in a single year, allowing for other projects to occur.

Recommendation:

Administration recommends board approval for the purchase from Apple Inc., Apple technology in the amount of \$2,826,012, per their education price quote (#2203426755). Apple technologies are proprietary products and Apple Inc. is the sole source provider. The recommendation for financing this purchase is an equipment lease through Apple Financial Services Education Finance.

MacBook cases are required, and a state contract quote (#36416) of \$158,000, with Kansas City Audio Visual, for DUX Hard Shell MacBook Air cases has also been secured.

Motion:

"I move the Board of Education approve the following: 1) the selection of MacBook Air Laptop Computers as the 1:1 technology device for the high schools; 2) Resolution 2017-02-27 authorizing the District to purchase from Apple Inc., \$2,826,012 of Apple technology; authorizing the District to enter into a lease purchase transaction with Apple in order to finance the equipment; and authorizing various District officials to execute documents necessary to acquire and finance the equipment; and 3) the purchase of DUX Hard Shell MacBook Air Cases from Kansas City Audio Visual at a cost of \$158,000."

**RESOLUTION No. 2017-02-27**

**A RESOLUTION AUTHORIZING UNIFIED SCHOOL DISTRICT NO. 497, DOUGLAS COUNTY, KANSAS (LAWRENCE), TO ENTER INTO A LEASE PURCHASE TRANSACTION, THE PROCEEDS OF WHICH WILL BE USED TO PAY THE COSTS OF ACQUIRING TECHNOLOGY EQUIPMENT FOR THE DISTRICT AND TO APPROVE THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH.**

**WHEREAS**, Unified School District No. 497, Douglas County, Kansas (the “District”) desires to acquire certain technology equipment from Apple Inc. as described in price quote #2203426755, for a purchase price of \$2,826,012.00 (the “Equipment”); and

**WHEREAS**, the District has previously entered into that certain Master Lease Purchase Agreement dated June 24, 2014 (the “Master Lease”) with Apple Inc., as lessor (the “Lessor”) pursuant to which the District, as lessee, has leased certain equipment from the Lessor with an option to purchase Lessor’s interest in the equipment; and

**WHEREAS**, the Master Lease permits the District and the Lessor to enter into supplemental schedules that permit the leasing of certain additional equipment, including the Equipment; and

**WHEREAS**, the Board has determined that it is in the best financial interests of the District to enter into a supplemental schedule to the Master Lease to obtain funds to pay the costs of the Equipment based on the proposal by Apple Inc. (the “Proposal”); and

**WHEREAS**, in order to facilitate the foregoing and to pay the cost thereof, it is necessary and desirable for the District to take the following actions:

1. Enter into Schedule No. PUB16538 (the “Supplemental Lease”) with Apple Inc., as lessor (“Lessor”), pursuant to which the District, as lessee, will lease the Equipment from the Lessor with an option to purchase Lessor’s interest in the Equipment.
2. Enter into an Escrow Agreement (the “Escrow Agreement”) with Lessor and the escrow agent to be named therein (the “Escrow Agent”), pursuant to which the proceeds of the Supplemental Lease will be held in trust by the Escrow Agent pending their use to purchase the Equipment.

The Lease and the Escrow Agreement are referred to together herein as the “District Documents.”

**THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF UNIFIED SCHOOL DISTRICT NO. 497, DOUGLAS COUNTY, KANSAS (LAWRENCE), AS FOLLOWS:**

**Section 1. Authorization and Approval of District Documents.**

(a) The Proposal of Apple Inc. is hereby accepted. The District Documents are hereby approved in substantially the forms submitted to and reviewed by the Board of Education on the date hereof, with such changes therein as shall be approved by the officer of the Board of Education executing the District Documents after consultation with the District's legal counsel, such officer's execution of the District Documents to be conclusive evidence of such approval, with closing of the transaction and the items of Equipment included in the Supplemental Lease to be at the discretion and direction of the President of the Board of Education.

(b) The obligation of the District to pay Rental Payments (as defined in the Lease) under the Supplemental Lease is subject to annual appropriation and will constitute a current expense of the District and will not in any way be construed to be an indebtedness or liability of the District in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness or liability by the District, nor will anything contained in the Lease constitute a pledge of the general tax revenues, funds or moneys of the District, and all provisions of the Lease will be construed so as to give effect to such intent.

(c) The President or Vice President of the Board of Education is hereby authorized and directed to execute and deliver the District Documents on behalf of, and as the act and deed of, the District. The Clerk is hereby authorized, to the extent necessary, to affix the District's seal to the District Documents and attest said seal.

**Section 2. Supplemental Lease Provisions.** The Board of Education hereby elects to omit the mandatory contract provisions prescribed by the Kansas Department of Administration in form DA-146a, as amended, from the Supplemental Lease and the Escrow Agreement, provided, however, that this election does not authorize the omission from any such contract the provisions of K.S.A. 72-8201a or 72-8201b, as amended.

**Section 3. Further Authority.** The District will, and the officials and agents of the District are hereby authorized and directed to, take such actions, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution and to carry out, comply with and perform the duties of the District with respect to the District Documents, the other documents authorized or approved hereby and the Equipment.

**Section 4. Effective Date.** This Resolution shall take effect and be in full force from and after its adoption by the Board of Education.

**ADOPTED** by the Board of Education and signed by the President of the Board of Education of Unified School District No. 497, Douglas County, Kansas (Lawrence), on February 27, 2017.

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President

(SEAL)

ATTEST:

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Clerk